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# PARTICIPATION OF THE UNITED NATIONS ENVIRONMENT PROGRAMME IN THE WORK OF THE GLOBAL ENVIRONMENT FACILITY

## Report by the Executive Director

## Summary

The present report reviews UNEP's role in the Global Environment Facility (GEF) on the basis of the Instrument for the Establishment of the Restructured GEF, which invited UNEP to be one of the three Implementing Agencies, and the Governing Council decisions 17/40 and SS.IV/1. In decision SS.IV/1, the Council adopted the Instrument; requested the Executive Director to consider ways of enhancing the capacity of UNEP to fulfill its role in GEF; and requested the Executive Director to include in the agenda of the eighteenth regular session of the Council an item on the participation of UNEP in GEF and to present a progress report to the Council thereon. Under the Instrument (see its annex D), UNEP is assigned particular responsibility for catalysing analysis and advancing environmental management in GEF; providing guidance on relating GEF-financed activities to global, regional and national environmental assessments, policy frameworks and plans, and to international environmental agreements; and establishing and supporting GEF's Scientific and Technical Advisory Panel (STAP).

## Suggested action by the Governing Council

The Governing Council may wish to:

(a) Note with satisfaction the actions of the Executive Director in enhancing UNEP's role as a full partner in GEF through the reconstitution of the Scientific and Technical Advisory Panel, participation in the development of GEF's operational strategies, developing and implementing projects of a strategic nature and strengthening UNEP's GEF organizational support structure;

(b) Request the Executive Director to continue to cooperate effectively with the GEF Council, the GEF Secretariat and the other Implementing Agencies, bearing in mind UNEP's responsibilities under the Instrument for the Establishment of the Restructured GEF and its role as the principal body in the United Nations system for environmental matters by:

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(i) Mobilizing scientific and technical expertise for GEF, including through the reconstruction of STAP and by providing its secretariat;

(ii) Participating in the development of GEF policies and operational strategies in collaboration with the GEF Secretariat, UNDP and the World Bank; and

(iii) Undertaking specific types of catalytic project-related activities with significant value-added to further the strategic objectives of GEF and cooperating with the other Implementing Agencies in assisting developing countries and countries with economies in transition.

Developments Since the Fourth Special Session

1. UNEP's participation in GEF has taken place along four principal tracks:

(a) Contributing to further development of the restructured GEF through inter-agency task forces chaired by the GEF Secretariat, particularly in preparing draft operational strategies for the GEF focal areas (climate change, biodiversity, international waters, ozone layer), in proposing the work programme for 1995 and in helping design proposals for various aspects of GEF's governance;

(b) Reconstituting STAP as an independent advisory body to GEF;

(c) Completing the activities of the GEF pilot phase, including providing the secretariat to STAP in the pilot phase and managing UNEP's GEF projects approved for funding during the pilot phase; and

(d) Designing and establishing appropriate management structures and work programmes within UNEP itself for effective participation in the restructured GEF.

Strategy and Programme Focus

2. An important milestone in UNEP's GEF activities was the production of the United Nations Environment Programme Global Environment Facility Strategy and Programme Focus". Its development was approved within the UNEP Secretariat and made available to the GEF Council at its request at its second meeting in November 1994. The document was based on UNEP's GEF policy as approved by UNEP's Executive Committee in April 1994 and on UNEP's Corporate Programme Framework 1994-1995.

3. UNEP's role in GEF is characterized in the Strategy and Programme Focus document in three distinct, but interrelated groupings of activities:

(a) Mobilizing scientific and technical expertise for GEF, including through the establishment of STAP and by providing its secretariat;

(b) Participating in the development of GEF policies and operational strategies in collaboration with the GEF Secretariat, UNDP and the World Bank; and

(c) Undertaking specific types of catalytic project-related activities with significant value-added to further the strategic objectives of GEF and cooperating with the other Implementing Agencies in assisting developing countries and countries with economies in transition.

4. UNEP will assist developing countries in implementing the United Nations Framework on Convention Climate Change and aid the work of the Convention's Secretariat. UNEP will help formulate GEF's biological diversity policies and strategies, catalyse and support specific project-related activities and generate knowledge needed for early implementation of the Convention on Biological Diversity Convention. With international waters, the emphasis will be on assessment, problem identification, research and generating policy and strategy options. Ozone efforts will focus on assisting countries with economies in transition to meet the provisions of the Montreal Protocol. With regard to land degradation, UNEP will address desertification and deforestation issues as they relate to GEF focal areas.

## Reconstitution of STAP

5. At the second meeting of the GEF Council in November 1994, UNEP presented a paper on the role and mandate of STAP (GEF/C2/4). The Council requested UNEP to proceed with the establishment of STAP on the basis of the option UNEP had recommended and the Council's comments. The Council recommended that the new STAP propose approval criteria to guide the selective review of projects by STAP.

6. In early February 1995 the Executive Director moved to appoint a reconstituted STAP, based on the recommendation of a STAP Search Committee which included five distinguished independent senior scientists, and on consultations with UNDP and the World Bank, taking into consideration candidatures presented by States participating in the GEF, scientific organizations, the GEF Implementing Agencies, some United Nations system agencies and a number of non-governmental organizations. The new STAP has 12 members, as requested by the third meeting of the GEF Council, from developing and developed countries; three are women.

## Participation in the Development of GEF Policies and Operational Strategies

7. UNEP Secretariat staff played a key role in developing a Scoping Paper on International Waters, first discussed by the GEF Council in November 1994 and again in February 1995. The second draft, in particular, came very close to the issues and strategy and technical approaches towards which UNEP's intensive coordinating efforts had pointed since April 1994. In addition, UNEP provided strategic and technical expertise in preparing a paper on the scope and preliminary operational strategy for land degradation, endorsed by the third meeting of the GEF Council in February 1995.

## Undertaking Specific Types of Catalytic-Project Related Activities

8. UNEP maintained a portfolio of five pilot phase projects totalling US $19.3 million and one pre-investment study of US $0.1 million. Three of the projects are on biodiversity and two are on climate change. The report "UNEP Projects in the GEF Pilot Phase. A Progress Report" of October 1994 gives a detailed account of all these project activities, as well as background to other UNEP activities during the pilot phase.

9. UNEP proposed and the GEF Council at its February 1995 meeting approved two additional projects, bringing the number of UNEP projects to seven. One of the new initiatives, "Country Case Studies on Climate Change Impacts and Adaptations Assessment - Phase I", will enable countries to develop and carry out studies of possible economic and environmental impacts, identify vulnerable areas and elaborate adaptation plans for climate change. The second project,

"Economics of Greenhouse Gases Limitations - Phase I: Establishment of a Methodological Framework for Climate Change Mitigation Assessment" will assist countries and the international community to conduct economic analyses of climate change mitigation strategies and identify investment options by applying and refining a consistent methodological framework.

## Management structure

10. On 22 December 1994, the Executive Director decided to establish a GEF Coordination Office and separated it from UNEP's Clearing-house Unit for Technical Cooperation. She assigned UNEP staff members provisionally as focal points for the GEF focal areas. Since 16 January 1995 the Acting Deputy Executive Director has functioned as Acting GEF Executive Coordinator. A new Acting Deputy GEF Executive Coordinator and a new Acting Secretary to STAP were appointed on 1 February 1995 and a new Acting GEF Administrative and Fund Management Officer assumed responsibilities in March 1995. Fifteen staff positions for the GEF Coordination Office, including the STAP Secretariat, were submitted and classified by the United Nations Headquarters, although at its February 1995 meeting the GEF Council's decision on the budgets for the Secretariat and Implementing Agencies made it necessary to move ahead only on urgent recruitment with the expectation that other essential recruitment would be possible in the 1996 fiscal year beginning in June 1995.

## Conclusion

11. Budgetary stringencies have slowed the momentum of UNEP's recent efforts to strengthen its GEF activities. But steps that have been taken are bringing UNEP closer to full partnership in GEF, and have enabled UNEP to meet better its responsibilities as set out in the GEF Instrument and in Governing Council decision 17/40.

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